



Mr. Zou Haifeng
Chairman of the Board of Supervisors

During 2002, the Company conducted its business in accordance with the articles of association of the Company, the PRC Company Law, and relevant international and domestic regulations. The board of supervisors carried out its duties in accordance with the articles of association of the Company, supervised and advised the management of the Company on all relevant matters.

The board of supervisors held a meeting on April 22, 2002, at which report of the Board of Supervisors, the financial statements prepared in accordance with PRC GAAP and IAS and the profit distribution plan of the Company for 2001 were approved.

The board of supervisors held a meeting on June 17, 2002, at which the amended Procedural Rules of the Board of the Supervisory Committee of the Company were considered and approved.

The board of supervisors held a meeting on August 22, 2002, at which the disposal of fixed assets and the Company's interim report for the first half of 2002 were approved.

The board of supervisors participated in all meetings of the directors held during 2002 to ensure that the directors at all times acted in accordance with the relevant regulations of the PRC for the further development of the Company and to increase its profits and to promote the benefit of the shareholders. The board of supervisors ensured that the directors carried out their duties strictly in accordance with the resolutions of the annual general meeting and the extraordinary general meeting, the appropriation of profits and significant decisions were also made in accordance with relevant regulations and the articles of association. The internal management system has been improved gradually.

The supervisory committee has reviewed the resolution regarding accounting provisions for 2002 and considers the resolution beneficial for the future operations of the Company.

The directors, general manager, and other senior management are not aware of any information relating to the Company's affairs that may contravene the laws and regulations of the PRC, the articles of association of the Company or which may be prejudicial to the interests of the Company.

The board of supervisors also reviewed the connected transactions between the Company and JCGC and between the Company and CNPC to ensure that these connected transactions were entered into on a fair and reasonable basis. The board of supervisors is not aware of any information which may be contrary to the interests of shareholders of the Company nor is it aware of any of losses in respect of the Company's assets.

The auditors' reports provided by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Company Limited under IAS and PRC GAAP, respectively, have been reviewed and certified to be truthful, objective, accurate and complete by the board of supervisors.

In 2003, the board of supervisors will continue to focus on the development of the Company and to protect the interest of shareholders pursuant to the articles of association of the Company.

On behalf of the board of Supervisors

Zou Haifeng
Chairman

Jilin, PRC
April 24, 2003